

## **PURCHASING SERVICE**

There are several ways to increase creditable service through the payment of money to the Plan. These fall in two categories:

- Repayment of Refund, and
- Purchase of Service Credit
  - Leave of Absence
  - Out-of-State and Omaha Public School Service
  - Twelve-Month Preretirement Service

A member must be actively contributing to the Plan to be eligible to repay a refund or purchase service credit.

### **REPAYMENT OF REFUND**

Credit is allowed for service in a Nebraska public school previously cancelled because of a refund if the amount of the refund, plus earnings, is repaid to the Plan.

### **PURCHASE OF SERVICE CREDIT**

#### **Leave of Absence**

Examples of leave of absence credit that may be purchased include a sabbatical, maternity leave, exchange teaching program, full-time leave as an elected official of a professional association or collective-bargaining unit, or leave of absence to pursue further education or study or other leave of absence. The leave of absence must be authorized by the employer in order to fall within the definition and cannot exceed four years. Members must return to employment with a school district within one year after the leave ends in order to purchase service credit for it.

#### **Out-of-State and Omaha Public School Service**

Credit may be purchased for public school service in another state outside of Nebraska or in the Omaha Public Schools. Credit is allowed for service equal to service in Nebraska, but cannot exceed 10 years. Service must be verified by the out-of-state school. The creditable service purchased for service in the Omaha Public Schools or in the public schools of another state will be used to calculate the retirement benefit, but the *salary* associated with the service cannot be used in the calculation.

## **Twelve-Month Preretirement Service Purchase**

Plan members may purchase up to five additional years of service credit in contemplation of retirement.

*Please refer to the School Employees Retirement System Plan Booklet for more information regarding repayment of refund and service credit purchases.*

## **METHOD OF PAYMENT**

Payments for service purchases may be made through after-tax direct payments or installment payments from the member, pre-tax payroll deductions or rollover payments. Contributions made by the member to purchase service on an after-tax basis will be subject to contribution limits under Section 415 of the Internal Revenue Code.

### **Pre-tax Payroll Deductions**

To make payments on a “pretax” basis through payroll, a member must sign an “Irrevocable Purchase Agreement.” This agreement is signed jointly by NPERS and the school district/employer and may not be revoked as long as the member remains employed by that school district/employer.

The payroll deduction payment must be entered as an installment payment on the member’s regular record on the monthly Wage & Contribution Report. The amount of the payment must be included in your monthly retirement remittance total.

### **Rollover as Payment for Purchase of Service**

A member may use a rollover from another qualified 401(a) plan [including a 401(k) plan], a 403(a) or (b) Tax Sheltered Annuity Account, a 457(b) Eligible Deferred Compensation Plan or a 408(a) Individual Retirement Account to purchase service credit. They may also purchase service using a trustee-to-trustee transfer from a 457 deferred compensation plan or a 403 (b) tax-sheltered annuity *without* terminating employment.